NCC CONSTRUCTION GROUP, FINLAND

REPORT FOR THE 1.1. - 31.12.2003 ACCOUNTING PERIOD

Turnover and results

The NCC Construction Group's turnover in 2003, calculated on the percentage of completion, was MEUR 685.8, an increase of MEUR 38.7 on the previous year (MEUR 647.1 in 2002). The figures for the comparative year (2002) included in the financial statements are pro forma, i.e., NCC Construction's holdings in the divided NCC Finland and Altima for the period 1 January – 30 June 2002. The turnover figure includes MEUR 130.8 (MEUR 131.9) in sales of shares in spec construction and MEUR 32.2 (MEUR 24.4) in sales of tracts of land in the form of plots and shares plus plot transfers to production. The sales of shares have been income-recognised in accordance with the date on which the bills of sale were signed. International operations accounted for MEUR 34.3 (MEUR 21.8) or 5% (3.4%) of the Group's turnover.

The Group's profit before extraordinary items and taxes was MEUR 18.6, being a decrease of MEUR 3.3 on the previous year's figure (MEUR 21.9). The Group's profit from operations before depreciation was MEUR 22.1 (MEUR 25.3), which is 3.2% of turnover (3.9%). The return on investment was 18.7% and the return on equity was 24.8%.

The volume of building construction continued to be steady and the competitive situation was healthy. Housing construction was again strong, but there was scanty demand for business premises. Housing sales went well throughout the year, and sales rates corresponded to the progress of construction. At times there was actually a shortage of completed dwellings that buyers wanted to move straight into. Interest rates were at record lows throughout the year, which helped to boost sales of spec housing construction.

Not all the units reached their profit targets, but for the Group as a whole the volume, net profit and year-end order book were slightly better than the original targets and were even a small improvement on the autumn forecasts.

The good result was due to success in tendering and strong housing sales. There were no loss-making jobs on the order books at the end of the year. The first contract on which life-cycle costs were figured in went well and another contract was won towards the end of the year. In exports, a contract for a shopping centre in Tallinn has made good progress according to plan.

A contributory factor in the good result was the effort deployed in health and safety at work and the resultant lower costs due to accidents and retirement.

BALANCE SHEET STATUS

The NCC Construction Group's balance sheet total at year-end was MEUR 295.4 (MEUR 251.6 in 2002) and its shareholders' equity was MEUR 53.9 (MEUR 64.6). NCC AB increased NCC Construction Ltd's shareholders' equity by a total of MEUR 8 through an increase in share capital that took place at a share premium. The dividend paid in 2003 to the parent company NCC AB was MEUR 27.9.

Interest-bearing liabilities on the balance sheet at year-end were MEUR 69.9 (MEUR 51.2). Financing expenses net of exchange gains and losses were MEUR 3.5 (MEUR 4.1), which is 0.51% (0.63%) of turnover. Loans to housing companies whose buildings were under construction on the responsibility of NCC Construction Oy totalled MEUR 27.8 (MEUR 11.8) at year-end. Cash in hand and at bank totalled MEUR 21.1 (MEUR 12.7). The equity ratio was 20.9% (28.4%).

The company's liquidity was favourable throughout the financial year.

Investments

Net capital expenditure on fixed assets amounted to MEUR 1.1 (MEUR 1.7). The capital tied up in plots of land increased by MEUR 17.3 and totalled MEUR 96.0 (MEUR 78.7) at year-end.

Group structure

As of 1 January 2003, NCC Finland Oy was divided into three new companies, being NCC Construction Ltd, NCC Property Development Oy and NCC Roads Oy.

Plant hire business was sold in June 2002 to Altima Oy, whose parent company is Altima Group AB, which is owned by NCC AB. The Finnish company Ramirent issued an offer to acquire Altima shares in December.

Parent company

NCC Construction Oy's parent company is NCC AB of Sweden, which is one of the Nordic region's leading construction and real estate companies and which has the Nordic region and the Baltic rim as its prime market areas.

After the ownership arrangements effected in Sweden, the parent company of NCC Property Development Oy is NCC Property Development AB and the parent company of NCC Roads Oy is NCC Roads Holding AB. Both companies are subsidiaries of NCC AB.

Changes in NCC Construction´s Group structure
In the early months of the year, NCC Construction Ltd's subsidiary Optiplan Oy acquired the issued stock of Insinööritoimisto Arena Oy and the business interests of Insinööritoimisto Pekka Korkeila Oy. Action to liquidate Insinööritoimisto Arena Oy was initiated and its business was transferred to Optiplan Oy.

The issued stock of the affiliated company Rakentajien Ekopark Oy was sold and ZAO Eurolog Park Bulkov and ZAO NCC Projects were transferred to inventories. In Lithuania, a company called UAB NCC Pletra was established to concentrate on commissioning housing construction in the future. NCC Construction Ltd acquired the issued stock of NCC Konstrukcija SIA from NCC International Oy and the issued stock of NCC Ehitus Oü was transferred from NCC International Oy's balance sheet to NCC Construction Ltd's balance sheet. The Estonian company Inrestauraator Ehitus Oü was merged with NCC Ehitus Oü, and the corporate form of NCC Ehitus Oü was changed from Oü to SA. The name of the estate agency Puolimatkan LKV Oy was changed to NCC Koti LKV Oy.

The profit centres
NCC Construction's field of business is construction, including but not limited to the construction of housing, business premises, commercial properties and public works. NCC Construction has twelve profit centres: building construction in the Helsinki Metropolitan Area, housing construction in the Helsinki Metropolitan Area, Uusimaa and Southern Häme, Southwest Finland, Central Finland, Eastern Finland, Northern Finland, international operations, construction design, business development, real estate procurement and business premises development, and service units. International operations are the responsibility of the subsidiary NCC International Oy, together with its subsidiaries and sister companies in the Baltic countries and Russia. Full-service construction design is the responsibility of Optiplan Oy and its subsidiaries.

Output
Construction output broke down into the following percentage figures:

	2003	*2002*
New housing construction	53%	44%
Other building construction	31%	39%
Renovation	10%	12%
Civil engineering	-%	1%
International construction	6%	4%

During the financial year, 3,216 dwellings were completed (2,392), of which 1,128 (538) were privately financed spec construction. The number of dwellings under construction was 2,839 (3,329), of which 1,072 (1,027) were privately financed spec construction. During the financial year, the construction of 1,201 (1,066) privately financed spec construction dwellings was started, 1,157 (1,147) spec construction dwellings were sold, and the number of unsold, completed spec dwellings at year-end was 42 (84).

Board of Directors, corporate management and auditors
Board of Directors

Until 17 June 2003
Alf Göransson, chairman
Björn Andersson
Ulf Wallin
Timo U. Korhonen

17 June - 1 October 2003
Alf Göransson, chairman
Ann-Sofie Danielsson
Ulf Wallin
Timo U. Korhonen

As of 1 October 2003
Alf Göransson, chairman
Ann-Sofie Danielsson
Ulf Wallin
Staffan Bennerdt
Timo U. Korhonen

Kari Korpela served as secretary to the Board of Directors.

Corporate management
NCC Rakennus Oy:n toimitusjohtajana toimii diplomi-insinööri Timo U. Korhonen ja yhtiön varatoimitusjohtajana toimii talousjohtaja, ekonomi Jukka Lahtinen.

Auditors
The auditor of NCC Construction Oy is KPMG Wideri Oy Ab, with Juha Jokinen, APA, as the auditor in charge.

Personnel
At year-end, the parent company, NCC Construction Oy, had 1,957 employees (1,864 in 2002). The Group had 2,287 (2,155) employees at year-end. NCC Construction Oy had an average of 1,922 (1,824) employees during the year and the Group had 2,145 (2,039). The increase in personnel was particularly due to recruitment caused by the dynamic growth in volume in housing construction in the Helsinki Metropolitan Area.

There were substantial activities in personnel development and training: there were a hundred courses, 2,420 course days, and 1,257 course participants, and direct training costs without wages and salaries amounted to EUR 567,325, which was 95% of the training budget.

The backbone of training activities was formed by diploma training programmes for both construction workers and office personnel. The main emphasis was on the following: health and safety at work, job site economy and scheduling management, building codes, IT, language skills and contractual methods. Customer service training for TähtiKoti and training for the electronic invoicing system were arranged in all profit centres. Training was arranged for management by results and for progress interviewing. Training on competition legislation was attended by 180 people responsible for making agreements. The third course in corporate management training was started. In the trainee programme, 350 trainees were hired.

Targets for the reduction of accidents on sites were made part of the management result targets and safety on building sites was successfully improved. In occupational health care, activities for maintaining working fitness were emphasised, for example, by arranging combined early rehabilitation courses for site operatives and office personnel.

During the year, a new shop steward system for the employees was negotiated. Ethical business rules were drawn up for the NCC Group and training in them was initiated.

Development

The main thrust in development work in 2003 was on improving housing, purchasing and logistics, project management and product modelling.

The TähtiKoti service concept was commercialised. Also, TähtiKoti training was carried out throughout the company and the technical solutions for NCC's housing product were updated.

Purchasing was vigorously developed. The aim was to use bulk more effectively. Joint operating models were developed with key suppliers.

In project management, the focus was on improved management of time and economy as well as logistics and material flows.

Further developments were made in product modelling, with pilot sites in business premises and housing projects. A TEKES project concerning product modelling was also launched. The further development of the Eco concept was also vigorous and it was refined into a Nordic Eco concept.

Research and development costs were booked as annual expenses.

Orders in hand

The NCC Construction Group's non-income-recognised orders in hand in-creased significantly over the end of the previous year, being MEUR 422 (MEUR 315) at year-end. Foreign projects accounted for roughly 8% (5%) of the orders held. Of the orders in Finland, two thirds are in the Helsinki Metropolitan Area, the largest being phase II of the construction of Leppävaara shopping centre.

Outlook for 2004

Both internationally and in Finland, economic trends were uncertain throughout the year, although towards the end of the year the cyclic prospects improved and confidence in steady economic improvement strengthened.

There are signs of recovery in international economic trends. Consumer-driven economic growth in the USA was strong towards the end of 2003, and the purchasing managers' index has been high and rising for half a year. In Europe, exports and growth are held back by the dynamic appreciation of the euro against the dollar. In the big European states, particularly Germany, expectations of industrial output and trade are rising.

Expectations of the Finnish economy are also slowly growing in strength along with the international recovery. However, uncertainty is caused by ongoing industrial layoffs and redundancies and by the high rate for the euro, which disrupts export growth.

Consumers' confidence in their own economic trend has held steady. There appears to be little pressure to increase interest rates. The firm confidence of consumers in their economy, combined with low interest rates, will have a positive impact on the market for privately financed housing production.

The cyclic picture of construction has remained steady on the whole, but there are differences between sectors. The volume of new building construction is expected to decline by roughly one per cent. The reason for this is particularly the still low level of office construction plus the record low volume of state-subsidised housing production. Renovation will grow steadily and the level of privately financed housing construction will remain steady. Large infrastructure building projects will boost the amount of civil engineering by roughly 3%.

NCC Construction Ltd will continue the strong development of privately financed housing production in centres of growth and it will deploy effort in life-cycle expertise and renovation.

The main thrust in international operations will be to increase spec and negotiated contract production in the Baltic countries. In Russia, construction on a traditional construction export basis will be continued, particularly for Western clients.

INCOME STATEMENTS

	Reference	GROUP (€ 1,000) 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
Turnover	1.1.	685,772	647,070	651,657	624,347
Increase (+)/ decrease (-) in stocks of finished and unfinished goods		3,252	-510	3,517	-2,072
Production for own use		-37	307	-37	307
Other operating income	1.2.	2,184	1,160	2,371	1,322
Materials and services	1.3.	538,314	493,449	516,049	481,087
Personnel expenses	1.4.	80,569	82,583	72,187	74,533
Depreciation and write-downs	1.5.	2,690	4,409	2,038	3,673
Other operating costs	1.6.	47,455	42,328	44,777	38,698
Operating profit		22,143	25,258	22,457	25,913
Financial income and expenses	1.7.	-3,573	-3,389	-2,909	-2,783
Profit before extraordinary items		18,570	21,869	19,548	23,130
Extraordinary items	1.8.	-5,427	1,000	-6,592	448
Profit before appropriations and taxes		13,143	22,869	12,956	23,578
Appropriations	1.9.			628	1,762
Direct taxes	1.10.	-3,878	-5,261	-4,688	-6,732
Net profit for the year		**9,265**	**17,608**	**8,896**	**18,608**

BALANCE SHEETS

	Reference	(€ 1,000) GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
ASSETS					
Fixed assets	2.1.				
Intangible assets	2.1.1.	2,464	3,055	1,886	2,403
Consolidation goodwill	2.1.1.	397	350		
Tangible assets	2.1.2.	3,442	4,564	2,942	3,983
Investments	2.1.3.	1,337	1,361	4,855	4,556
		7,640	9,330	9,683	10,942
Current assets	2.2.				
Inventory	2.2.1.	179,545	141,002	175,107	136,973
Deferred tax receivables	2.6.1.	2,798	2,156		
Current receivables	2.2.3.	84,330	86,430	75,506	84,742
Cash in hand and at banks		21,070	12,694	18,002	10,264
		287,743	242,282	268,615	231,979
Assets		**295,383**	**251,612**	**278,298**	**242,921**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	2.3.				
Share capital		5,365	4,365	5,365	4,365
Share premium account		36,412	29,412	36,412	29,412
Retained profits		2,852	13,180	1,728	11,056
Net profit for the year		9,265	17,608	8,896	18,608
		53,894	64,565	52,401	63,441
Minority interest		2	2		
Accumulation of appropriations	2.4.			1,531	2,159
Obligatory reserves	2.5.	5,710	8,496	5,685	7,932
Liabilities	2.6.				
Deferred tax liabilities	2.6.1.	444	626		
Non-current liabilities	2.6.2.	27,028	20,728	27,028	20,728
Current liabilities	2.6.3.	208,305	157,195	191,653	148,661
		235,777	178,549	218,681	169,389
Liabilities and shareholders' equity		**295,383**	**251,612**	**278,298**	**242,921**

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

(€ 1,000)	GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
Cash flow from business operations				
Profit before extraordinary items	18,570	21,869	19,548	23,130
Adjustments:				
Profit and loss from disposal of material and immaterial goods	-137	671	-137	-297
Planned depreciation	2,690	4,409	2,038	3,673
Financing income and expenses not paid	1,133	2,300	1,118	-249
Increase (+)/ decrease (-) in uninvoiced portion of handed-over and partially income-recognized projects and post-completion reserves	12	-7,011	1,109	-4,820
Increase (+)/ decrease (-) in obligatory reserves	-2,786	2,786	-2,247	2,415
Cash flow before change in working capital	19,482	25,006	21,429	23,852
Change in working capital:				
Increase (-)/decrease in trade receivables	574	-3,042	6,077	-5,847
Increase (-)/decrease in loan receivables from housing associations and real estate holding	3,834	12,533	3,990	13,882
Increase (-)/decrease in current non-interest-bearing receivables	-207	11,297	2,486	-3,759
Increase(-)/ decrease (+) in inventories	-38,543	799	-38,135	5,538
Increase (+)/decrease in trade payables	3,012	-1,706	534	-2,203
Increase (+)/decrease in construction fund commitment	21,402	17,557	21,284	13,321
Increase (+)/decrease in advances received	13,069	5,399	9,167	4,859
Increase(+)/decrease(-) in non-interest-bearing debts	-3,500	-45,538	-4,803	10,471
Change in working capital:	-359	-2,701	600	36,262
Cash flow from business operations before taxes	19,123	22,305	22,029	60,114
Direct taxes paid	-3,881	-6,092	-3,866	-3,554
Cash flow from business operations (A)	**15,242**	**16,213**	**18,163**	**56,560**
Cash flow from investments:				
Investments in material and immaterial goods	-2,208	-1,509	-1,935	-2,592
Income from disposal of material and immaterial goods	1,345	-293	1,293	1,060
Increase (+)/ decrease (-) in minority interests	0	-532		
Cash flow from investments (B)	**-863**	**-2,334**	**-642**	**-1,532**
Cash flow from financing				
Increase (-)/ decrease (+) in interest-bearing loan receivables			-3,161	1,849
Dividend	-27,936	-13,869	-27,936	-13,869
Share issue	8,000	0	8,000	0
Increase (+)/ decrease (-) in interest-bearing debts	18,743	-5,000	18,675	-43,410
Group contribution received/ paid	-4,810	0	-5,361	-3,211
Cash flow from financing (C)	**-6,003**	**-18,869**	**-9,783**	**-58,641**
Increase(+)/ decrease (-) in liquid assets (A+B+C)	**8,376**	**-4,990**	**7,738**	**-3,613**
Liquid assets at start of year	**12,694**	**17,684**	**10,264**	**13,877**
Liquid assets at year-end	**21,070**	**12,694**	**18,002**	**10,264**

ACCOUNTING CONVENTIONS

CONSOLIDATION CONVENTIONS

Scope of the consolidated financial statements
The consolidated financial statements combine the parent company, NCC Rakennus Oy, and all the Group companies and associated companies included in fixed assets.

Cross-holdings of shares
Acquisition accounting has been applied to the consolidated financial statements.
The acquisition cost of shares in subsidiaries has been eliminated against the subsidiaries' shareholders' equity at the time of acquisition.
The difference arising from the elimination has been treated as goodwill or a Group reserve, which is either depreciated or debited according to plan.

Internal transactions and margins
Intra-Group transactions, unrealized margins on internal deliveries, internal receivables and debts have been eliminated, as has internal distribution of profits.

Minority interest
Minority interest has been shown in compliance with the principle of materiality as a separate item in the balance sheet. In accordance with the relevance principle the minority interest has not been separated in income statement.

Translation adjustments
The figures for the financial statements of foreign companies in the Group have been converted into Euros at the rate issued by the ECB on the date of closing the books. Translation profits and losses arising from the elimination of foreign subsidiaries' shareholders equity have been entered in the income statement.

Associated companies
Associated companies have been consolidated by the equity method. A proportion of associated companies' net profits/losses for the year, according to the percentage holding, is given under Other operating costs.

TURNOVER AND PRINCIPLES OF INCOME-RECOGNITION

In the calculation of turnover, sales revenue is subjected to a deduction of indirect taxes and of exchange-rate differences on the sales revenue of projects denominated in foreign currency where these are not hedged with forward rate agreements or other similar agreements.

Turnover includes the share of building work and the share trading B37 as well as plots at their acquisition cost. B61 on which NCC Rakennus Oy acts as a contractor for construction on a plot form+B41erly owned by the company, turnover includes the proportion of the building work and the value of the plots at market prices.

Income-recognition of long-term projects
Long-term projects are recognized as income on the basis of their percentage of completion. All projects are counted as long-term when they extend into two financial years. The percentage of completion method applies to all contracting agreements, cost-plus-fee contracts, target cost agreements, design-build agreements and other contracts as well as all spec projects in which a contract agreement is made with a company-owned housing society or building management company.

The percentage of completion method is applied from the month in which the construction work begins or the first account sales are recorded, ending in the month in which the job is handed over to the client.

On the Group level gross margin in contracts amounting to more than SEK 100 million (approc. MEUR 10.8) will not be income-recognised according to the percentage of completion method until the completion level exceeds 50%.

The degree of completion is calculated as a ratio of the actual projects costs relative to the forecast total costs. The market-based construction margin of long-term spec housing projects and commercial building projects which are to be sold at the company's own risk is income-recognized on the basis of the percentage of completion or on the percentage of shares sold in the co-op, whichever is the lower.

In spec projects and in partnership projects the margin of plot sales was income-recognized on the basis of the percentage of completion for the first time this year. Sales of shares are booked in the income statement on the basis of the deeds of purchase.

The residual value of work in progress after the application of the percentage of completion method is based on the variable acquisition costs of projects during the development and planning stage.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Receivables and debts in foreign currency have been translated into Finnish currency at the average rate quoted by the ECB on the date of closing the books.
An exception to this is receivables hedged with forward rate agreements, which are valued at the forward rate.

Exchange rate differences on the receivables and debts, denominated in foreign currency, of long-term projects hedged with forward rate agreements or similar are given under Financing income and expenses.

VALUATION OF INVENTORY

Inventory has been valued at the variable acquisition costs or the probable resale price, whichever is the lower.

VALUATION OF FIXED ASSETS

Fixed assets are entered on the balance sheet at the acquisition cost less planned depreciation. Planned depreciation has been calculated as straight-line depreciation on fixed assets over their economic life.
The depreciation periods are as follows:

	Years
Intangible rights	5 - 10
Goodwill	11
Consolidation goodwill	5 - 20
Other non-current expenditure	5 - 10
Buildings and structures	10
Machinery and equipment	5 - 15

PENSION ARRANGEMENTS AND THE MATCHING OF PENSION EXPENSES

Pensions have been arranged through pension insurance companies. Pension expenses are matched in the financial statements on an accrual basis.

OBLIGATORY RESERVES

Those future expenses are booked as costs for the accounting period in the form of obligatory reserves to which the company has committed itself and to which equivalent revenue is unlikely to accrue. These include, for example, the estimated guarantee expenses of long-term projects that have been handed over and the loss exceeding the probable recognition as an expense of a long-term project in progress.

APPROPRIATIONS

Depreciation differences are appropriations. The total of the accumulated appropriations in the financial statements is divided into tax liability and shareholders' equity. The change in appropriations for the financial year, less tax liability, is included in the year's net profit.
The part of the appropriations booked in shareholders' equity is not counted as part of the Group's disposable assets.

INCOME TAXES

Entered in the income statement as income taxes are the taxes calculated under tax regulations on the Group companies' profit for the financial year, adjustments of previous years' taxes, and deferred taxes.

The deferred tax liability or credit is calculated for the interim differences between taxation and the financial statements, using the tax rate for following years confirmed as at the date of closing the books. The balance sheet includes the deferred tax liability in toto and the deferred tax credit is shown at the probable amount. Deferred tax liabilities and credits are dealt with only in the consolidated financial statements.

		(€ 1,000)	proforma		proforma
		GROUP		PARENT COMPANY	
		1.1.-31.12.2003	1.1.-31.12.2002	1.1.-31.12.2003	1.1.-31.12.2002
1.1.	TURNOVER				
	Turnover by divisions				
	Building construction in Finland	651,657	623,401	651,657	623,401
	International operations	34,331	21,841		
	Building design	7,815	7,279		
	Other business	284	1,395		946
	Less intra-Group	-8,315	-6,846		
	Turnover, total	685,772	647,070	651,657	624,347
	Turnover includes sales of shares in spec construction				
	Building construction in Finland	130,810	131,864	130,810	131,864
	Total	130,810	131,864	130,810	131,864
	Turnover includes sales of plots and shares in plots as well as plot transfers to production				
	Building construction in Finland	32,189	24,420	32,189	24,420
	Total	32,189	24,420	32,189	24,420
	Turnover by market area				
	Finland	659,756	632,076	651,657	624,347
	Russia	5,594	11,376		
	Estonia	24,455	6,874		
	Lithuania	66	-102		
	Latvia	4,215	3,693		
	Less intra-Group	-8,314	-6,847		
	Turnover, total	685,772	647,070	651,657	624,347
	Percentage in turnover of projects not yet handed over at year-end	236,065	246,313	211,165	236,171
1.2.	**Other operating income**				
	Profits on the sale of fixed assets	794	462	307	441
	Service income	2,064	957	2,064	873
	Other	53	42		8
	Less intra-Group	-727	-301		
	Other opereating income, total	2,184	1,160	2,371	1,322
1.3.	**Materials and services**				
	Materials, supplies and goods:				
	Purchases during the year	89,681	89,854	86,950	85,404
	Purchases of land and shares and issues	198,037	151,459	198,028	150,540
	Change in inventory (increase-/decrease+)	-35,291	3,078	-34,618	3,467
		252,427	244,391	250,360	239,411
	External services	285,887	249,058	265,689	241,676
	Materials and services, total	538,314	493,449	516,049	481,087

		(€ 1,000) GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
1.4.	**Personnel expenses and number of personnel**				
	Personnel expenses:				
	Wages and salaries	65,012	64,781	58,282	58,358
	Pension expenses	11,656	8,885	10,624	7,870
	Other personnel expenses	3,901	8,917	3,281	8,305
	Total	80,569	82,583	72,187	74,533
	Management salaries and emoluments:				
	Presidents	691	584	442	350

The agreed pensionable age for Board members employed by NCC Rakennus Oy is 60.
The costs of the share option programme carried out by NCC AB has recognized as income statement years 1999 - 2001.

		GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
	Average number of personnel for year:				
	- Salaried	934	900	800	765
	- Wage-earners	1,211	1,139	1,122	1,059
	Total	2,145	2,039	1,922	1,824
	Number of personnel at year-end:				
	- Salaried	1,028	994	797	783
	- Wage-earners	1,259	1,161	1,160	1,081
	Total	2,287	2,155	1,957	1,864
1.5.	**Depreciation and write-downs**				
	Intangible rights	268	211	186	152
	Goodwill	793	1,018	645	869
	Consolidation goodwill	137	112		
	Other long-term expenditure	5	5	5	5
	Buildings and structures	1	28	1	28
	Machinery and equipment	1,486	3,035	1,201	2,619
	Total	**2,690**	**4,409**	**2,038**	**3,673**
1.6.	**Other operating costs**				
	Rents	16,690	10,795	15,931	9,874
	Voluntary personnel expenses	1,944	1,990	1,810	1,823
	External administrative services	1,856	1,615	1,828	1,646
	Other office and administrative expenses	7,327	7,186	6,240	6,091
	Other construction expenses	18,442	20,435	17,780	18,662
	Other operating costs	1,196	307	1,188	602
	Other operating costs, total	**47,455**	**42,328**	**44,777**	**38,698**

	GROUP 1.1.-31.12.2003 (€ 1,000)	1.1.-31.12.2002 proforma	PARENT COMPANY 1.1.-31.12.2003	1.1.-31.12.2002 proforma
1.7. Financial income and expenses				
Dividend income				
From Group companies			25	
From others	5	236	5	236
	5	236	30	236
Total income from investments included in assets, total	5	236	30	236
Other interest and financial income				
From Group companies	174	605	852	963
From others	97		26	
	271	605	878	963
Interest income from long-term investments included in assets and other interest and financial income, total	276	841	908	1,199
Interest expenses and other financial expenses				
From Group companies	3,289	4,031	3,607	4,031
From others	240	61	209	21
	3,529	4,092	3,816	4,052
Exchange rate gains				
Calculated exchange rate gains	4	252		
Realized exchange rate gains	159	94		87
	163	346	0	87
Exchange rate losses				
Calculated exchange rate losses	482	454		
Realized exchange rate losses	1	30	1	17
	483	484	1	17
Exchange rate differences, net	-320	-138	-1	70
Financial income and expenses, total	**-3,573**	**-3,389**	**-2,909**	**-2,783**
1.8. Extraordinary items				
Group contributions received			63	97
Profit of machinery of the Construction		1,000		1,000
Group contributions paid	5,427		6,655	649
Extraordinary items, total	5,427	1,000	-6,592	448
1.9. Appropriations				
Difference between scheduled depreciation and depreciation in taxation			-628	-1,762
			-628	-1,762
1.10. Direct taxes				
Income tax on actual business				
- for financial year	4,688	6,829	4,688	6,735
- for previous years	15	150		-3
Change in deferred tax liability	-825	-1,718		
Direct taxes, total	3,878	5,261	4,688	6,732

2.1. FIXED ASSETS / GROUP (€ 1,000)

2.1.1. Intangible assets

	Intangible rights	Goodwill	Other long-term liabilities	Total	Consolidation Goodwill
Acquisition cost 1 Jan.	2,322	8,017	415	10,754	1,159
Increases 1 Jan.-31 Dec.	475			475	183
Acquisition cost 31 Dec.	2,797	8,017	415	11,229	1,342
Accumulated depreciation and write-downs 1 Jan.	1,718	5,573	408	7,699	809
Depreciation for financial year	268	793	5	1,066	136
Accumulated depreciation 31 Dec.	1,986	6,366	413	8,765	945
Book value 31 Dec.	811	1,651	2	2,464	397

2.1.2. Tangible assets

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	9	13,384	96	13,489
Increases 1 Jan.-31 Dec.		909		909
Decreases 1 Jan-31 Dec.		-1,358		-1,358
Acquisition cost 31 Dec.	9	12,935	96	13,040
Accumulated depreciation and write-downs 1 Jan.	3	8,922		8,925
Accumulated depreciation of decreases and appropriations		-814		-814
Depreciation for financial year	1	1,486		1,487
Accumulated depreciation 31 Dec.	4	9,594	0	9,598
Book value 31 Dec.	5	3,341	96	3,442

Consolidation reserve	
Acquisition cost 1 Jan.	53
Acquisition cost 31 Dec.	53
Accumulated income-recognition	-53
Book value 31 Dec.	0

2.1. FIXED ASSETS/ PARENT COMPANY

2.1.1. Intangible assets

	Intangible rights	Goodwill	Other long-term liabilities	Total
Acquisition cost 1 Jan.	1,117	6,980	31	8,128
Increases 1 Jan.-31 Dec.	319			319
Acquisition cost 31 Dec.	1,436	6,980	31	8,447
Accumulated depreciation and write-downs 1 Jan.	655	5,046	24	5,725
Depreciation for financial year	186	645	5	836
Accumulated depreciation 31 Dec.	841	5,691	29	6,561
Book value 31 Dec.	595	1,289	2	1,886

2.1.2. Tangible assets

(€ 1,000)

	Buildings and structures	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan.	9	9,230	95	9,334
Increases 1 Jan.-31 Dec.		655		655
Decreases 1 Jan-31 Dec.		-1,259		-1,259
Acquisition cost 31 Dec.	9	8,626	95	8,730
Accumulated depreciation and write-downs 1 Jan.	3	5,348		5,351
Accumulated depreciation of decreases and appropriations		-765		-765
Depreciation for financial year	1	1,201		1,202
Accumulated depreciation 31 Dec.	4	5,784	0	5,788
Book value 31 Dec.	5	2,842	95	2,942

The machinery and equipment of the Construction Division are included in the balance sheet item Machinery and equipment. In accordance with the relevance principle the balance sheet value of plant has not been separated from Machinery and equipment.

2.1.3. Investments

(€ 1,000)	GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
Shares in Group companies				
Acquisition cost 1 Jan.			2,895	2,895
Increases 1 Jan.-31 Dec.			700	
Acquisition cost 31.12.			3,595	2,895
Shares in associated companies				
Acquisition cost 1 Jan.	371	371	671	671
Increases 1 Jan.-31 Dec.	379			
Decreases 1 Jan.-31 Dec.	-652		-650	
Acquisition cost 31.12.	98	371	21	671
Stocks and shares in other companies				
Acquisition cost 1 Jan.	990	990	990	990
Increases 1 Jan.-31 Dec.	261		261	
Decreases 1 Jan.-31 Dec.	-12		-12	
Acquisition cost 31.12.	1,239	990	1,239	990
Investments, total	1,337	1,361	4,855	4,556

	Quantity	Holding %	Currency	Par value	(€ 1000) Book value
Shares in subsidiaries held by the parent company					
NCC International Oy, Helsinki 1)	7,965	99.56 %	€	167	2,564
Optiplan Oy, Turku	100	100 %	€	168	307
SIA NCC Konstrukcija, Latvia	200	100 %	LVL	2	697
PMA-palvelut Oy, Helsinki	100	100 %	€	17	17
NCC Koti LKV Oy, Vantaa	15	100 %	€	3	3
NCC Ehitus As, Viro	4,000	100 %	EEK	400	3
Vuorenvarma Ky, Vantaa		100 %	€		4
Shares in subsidiaries, total					3,595
Shares in associated companies held by the parent company					
Arandur Oy	210	33.33 %	€	21	21
					21
Shares in subsidiaries held by subsidiaries					
NCC International Oy, Helsinki 1)	35	0.44 %	€	1	5
Insinööritoimisto Arena Oy, Helsinki	60	100 %	€	8	123
ZAO Rapko (Rapco Ltd), Moscow, Russia	10	100 %	RUB		
ZAO NCC, Moscow, Russia	100	100 %	RUB	10	1
ZAO NCC North-West, Russia	100	100 %	RUB	16	1
UAB NCC Pletra, Lithuania	100	100 %	LTL	10	3
UAB NCC Statyba, Lithuania	150	100 %	LTL	15	217
UAB Optiplanas, Lithuania	400	100 %	LTL	160	18

1) Group holding totals 100%.

	Quantity	Holding %	Currency	Par value	Book value
Shares in associated companies held by a subsidiary					
KP-Kaupunkiprojektien Kehitys Oy, Helsinki	5	33.30 %	€	3	3
Other stocks and shares held by the Group					
Asunto Oy Tahkon Birdie	2,778		€		238
Asunto Oy Riihentausta	599		€		26
Kiinteistö Oy Ojamonpatruuna	23		€		82
Kiinteistö Oy Rukan Valkeisrinne	140		€		128
Kiinteistö Oy Rukan Tähtikelo	5,000		€		113
Kiinteistö Oy Kokkolan Isokatu 5	120		€		67
Kiinteistö Oy Seinäjoen Yhdyskulma	716		€		111
Tahko Golf Club Oy	13		€		65
Golf Talma Oy	1		€		11
Willimiehen Golf Oy	2		€		15
Oustroi Oy	17		€		10
Tampereen Teknologiakeskus Oy	664		€		144
Jyväskylän Teknoligiakeskus Oy	6		€		25
Teknologiakeskus Kareltek Oy	2,000		€		7
Keskinäinen Eläkevakuutusyhtiö Etera			€		7
Elisa Communication Oyj	35,946		€		128
Joensuun Puhelin Oy	17		€		7
Loviisan Puhelin Oy	4		€		2
Kymen Puhelin Oy	9		€		3
Kuopion Puhelinyhdistys Oy	13		€		6
Päijät-Hämeen Puhelinosuuskunta	17		€		8
Oulun Puhelin Oy	28		€		9
Tampereen Puhelin Oyj	8,750		€		15
Etelä-Satakunnan Puhelin Oy	1		€		
Forssan Seudun Puhelin Oy	10		€		4
Hämeen Puhelin Oy	4		€		2
Salon Seudun Puhelin Oy	6		€		3
Riihimäen Puhelin Oy	1		€		
Lännen Puhelin Oy	3		€		1
Vaasan läänin Puhelin Oy	2		€		1
Ksp Yhtiöt Oyj	2,140		€		1
Suomen Talotekniikan Kehityskeskus Oy	1		€		
Other stocks and shares held by the Group total					1,239

(€ 1,000)	GROUP 1.1.-31.12.2003	proforma 1.1.-31.12.2002	PARENT COMPANY 1.1.-31.12.2003	proforma 1.1.-31.12.2002
2.2. CURRENT ASSETS				
2.2.1. Inventory				
Materials and supplies				
Work in progress	8,568	5,316	7,520	4,004
Plot-owning companies and plots	81,312	68,036	79,738	67,239
Shares in companies under construction	83,763	54,130	83,763	54,130
Shares in completed companies	4,086	11,600	4,086	11,600
Other inventory	1,816	1,920		
Inventory, total	179,545	141,002	175,107	136,973
Income-recognition according to percentage of completion affects the balance sheet items as follows:				
Assets				
Work in progress	230,505	249,147	201,983	235,236
Less percentage of completion income recognition	-221,937	-243,831	-194,463	-231,232
Work in progress	8,568	5,316	7,520	4,004
Liabilities and shareholders' equity				
Advances received	289,931	296,231	249,925	278,232
Less percentage of completion income recognition	-252,850	-272,219	-220,083	-257,557
Advances received	37,081	24,012	29,842	20,675
Receivables from and debts to housing associations and real estate holding companies				
Current				
Trade receivables	9,381	6,613	7,466	6,613
Loan receivables	18,582	22,416	17,151	21,141
	27,963	29,029	24,617	27,754
Construction fund commitments	66,898	45,495	66,779	45,495
2.2.3. Current receivables				
Trade receivables	45,494	48,866	37,679	45,635
Receivables from Group companies				
Trade receivables	3,061	263	2,759	880
Loan receivables			9,310	6,150
Accrued assets		14	359	110
	3,061	277	12,428	7,140
Loan receivables	19,385	23,295	17,933	21,923
Accrued assets	16,390	13,992	7,466	10,044
	35,775	37,287	25,399	31,967
Current receivables, total	84,330	86,430	75,506	84,742
Material items included in accrued assets				
Value-added taxes	5,271	3,355	940	659
Uninvoiced portion of projects handed-over and partially income-recognized	8,271	6,170	4,051	3,909
Personnel expenses	42	596	3	596
Group contributions received			62	97
Other accrued assets	2,806	3,885	2,769	4,893
Accrued assets, total	16,390	14,006	7,825	10,154

		(€ 1,000)	proforma		proforma
		GROUP		PARENT COMPANY	
		1.1.-31.12.2003	1.1.-31.12.2002	1.1.-31.12.2003	1.1.-31.12.2002
2.3.	**Shareholders' equity**				
	Share capital				
	Share capital 1 Jan.	4,365	4,365	4,365	4,365
	Subscription issue	1,000		1,000	
	Share capital 31 Dec.	5,365	4,365	5,365	4,365
	Share premium account				
	Share premium account 1 Jan.	29,412	29,412	29,412	29,412
	Subscription issue above par value	7,000		7,000	
	Share premium account 31 Dec.	36,412	29,412	36,412	29,412
	Retained profits				
	Retained profits 1 Jan.	30,788	27,049	29,664	24,925
	Dividend	-27,936	-13,869	-27,936	-13,869
	Retained profits 31 Dec.	2,852	13,180	1,728	11,056
	Net profit for financial year	9,265	17,608	8,896	18,608
	Shareholders' equity, total 31 Dec.	53,894	64,565	52,401	63,441
	Distributable shareholders' equity				
	Retained profits	2,852	13,180	1,728	11,056
	Net profit for financial year	9,265	17,608	8,896	18,608
	Portion of accumulated depreciation difference entered in shareholders' equity	-1,087	-1,533		
	Total	11,030	29,255	10,624	29,664
2.4.	**Accumulation of appropriations**				
	Accumulated depreciation difference, total				
	Depreciation difference 1 Jan.			2,159	3,921
	Increase / decrease			-628	-1,762
	Depreciation difference 31 Dec.			1,531	2,159
	Division of accumulated appropriations between tax liability and shareholders' equity				
	Depreciation difference in separate companies' financial statements	1,531	2,159		
	Deferred tax liability	-444	-626		
	Portion of shareholders' equity	1,087	1,533		
2.5.	**Obligatory reserves**				
	Guarantee reserve	3,395	3,265	3,370	3,246
	Contract loss reserve	5	48	5	48
	Rent guarantee reserve	168		168	
	Other obligatory reserves	2,142	5,183	2,142	4,638
	Total	5,710	8,496	5,685	7,932

	(€ 1,000)	proforma		proforma
	GROUP		PARENT COMPANY	
	1.1.-31.12.2003	1.1.-31.12.2002	1.1.-31.12.2003	1.1.-31.12.2002
2.6. LIABILITIES				
2.6.1. Deferred tax liability and credits				
Deferred tax credits				
From matching difference	2,798	2,156		
	2,798	2,156		
Deferred tax liability				
From appropriations	444	626		
	444	626		
2.6.2. Non-current liabilities				
Loans from pension insurance companies	6,300		6,300	
Debts to Group companies				
Other debts	20,728	20,728	20,728	20,728
Non-current liabilities, total	27,028	20,728	27,028	20,728
2.6.3. Current liabilities				
Loans from financial institutions	68	238		
Loans from pension insurance companies	700		700	
Advances received	32,444	24,012	25,686	20,669
Trade payables	21,955	18,880	17,676	17,299
Debts to Group companies				
Advances received	4,637		4,155	5
Trade payables	87	151	665	508
Other debts	42,100	30,780	42,100	30,780
Deferred liabilities	1,703	541	2,931	1,190
	48,527	31,472	49,851	32,483
Construction fund debts	66,898	45,495	66,779	45,495
Other debts	10,158	8,617	6,123	5,969
Deferred liabilities	27,555	28,481	24,838	26,746
Current liabilities, total	208,305	157,195	191,653	148,661
Material items included in deferred liabilities				
VAT and income taxes	2,116	5,071	2,024	4,709
Post-completion reserves on projects handed-over and partially income-recognized	10,433	8,320	9,560	8,310
Personnel expenses	13,096	12,944	12,163	11,273
Group contribution paid	617		1,845	649
Other deferred liabilities	2,996	2,687	2,177	2,995
Deferred liabilities, total	29,258	29,022	27,769	27,936
2.6.4. Interest-bearing liabilities				
Current	42,867	30,425	42,800	30,425
Non-current	27,028	20,728	27,028	20,728
Total	69,895	51,153	69,828	51,153
2.7. THE DEBTS OF COMPANIES INCLUDED IN INVENTORIES				
Interest-bearing debts from non-Group parties of housing companies´ properties under construction	12,648	3,740	12,648	3,740
2.8. CONTINGENT LIABILITIES				
Leasing liabilities				
Future leasing costs				
Payable during next accounting period	536	240	527	232
Payable later	894	450	877	424
Leasing liabilities	1,430	690	1,404	656
Counter-commitment liabilities				
for own liabilities	108,440	96,491	103,081	92,661
for subsiadiary´s liabilities			5,359	3,830
	108,440	96,491	108,440	96,491

THE BOARD´S PROPOSAL FOR ACTION ARISING FROM THE PROFIT / LOSS FOR THE YEAR

The parent company´s distributable equity is € 10,623,844.19. The Group´s distributable equity is € 11,030,253.81, after the dipreciation difference posted equity.

The Board proposes to the annual general meeting that no dividend be paid and that the company´s net profit for the year, being € 8,896,352.24, be posted to retained profits.

Vantaa, 28 January 2004.

Alf Göransson
Chairman

Ulf Wallin

Staffan Bennerdt

Ann-Sofie Danielsson

Timo U. Korhonen
President

AUDITOR´S NOTE

The financial statements were drawn up in compliance with generally accepted accounting practice and the report on the audit carried out has been submitted today.

Vantaa, 15 March 2004.

KPMG Wideri Oy Ab

Juha Jokinen
APA

To the shareholders of NCC Rakennus Oy

We have audited the accounting, the financial statements and the administration of NCC Rakennus Oy for the year ended 31 December 2003. The financial statementswhich include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on administration of the parent company.

We have conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration of the parent company is to examine that the members of the Board of Directors and the Managing Director have legally complied with the rules of the Finnish Companies Act.

In our opinion the financial statement, showing a profit of 9,265,356.41 euro for the parent company and 8,896,352.24 euro for the Group, have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company´s result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Finnish Companies Act.

Vantaa, 15 March 2004

KPMG Wideri Oy Ab

Juha Jokinen
Authorezed Public Accountant